

## Message Text

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PAGE 01 PEKING 02628 110329Z  
ACTION EA-12

INFO OCT-01 ISO-00 CU-04 ACDA-12 EB-08 COME-00 TRSE-00  
PM-05 NSC-05 SP-02 SS-15 CIAE-00 INR-07 NSAE-00  
DODE-00 /071 W  
-----062688 112209Z /46

R 110057Z NOV 77  
FM USLO PEKING  
TO SECSTATE WASHDC 9140  
INFO AMCONSUL HONG KONG  
AMEMBASSY TOKYO  
CINCPAC

C O N F I D E N T I A L PEKING 2628

CINCPAC FOR POLAD

E.O. 11652: GDS  
TAGS: CH US UR EEWT EAIR

SUBJ: PRC INTEREST IN PURCHASE OF COMMERCIAL AIRCRAFT

1. BOEING COMPANY REGIONAL DIRECTOR FROM SINGAPORE HAS TOLD US THAT DURING SEPTEMBER VISIT TO PEKING BY BOEING PRESIDENT STAMPER, PRC INDICATED CONSIDERABLE INTEREST IN PURCHASE OF TWO-ENGINE 737. STAMPER HAD BROUGHT WITH HIM SPECIFIC PROPOSALS FOR THE SALE OF 727, 737 AND 747 AIRCRAFT, INCLUDING SUGGESTED CONFIGURATION FOR PRC NEEDS. CAAC FOCUSED ALMOST EXCLUSIVELY ON 737. NO DIRECT NEGOTIATIONS WERE CONDUCTED DURING STAMPER'S VISIT, BUT BOEING IS CONFIDENT THAT THE 737 IS THE BEST REPLACEMENT AIRCRAFT FOR CAAC'S AGING RUSSIAN-BUILT ANATOV AIRCRAFT AND THIS WILL FOLLOW UP WITH A FUTURE SALES PRESENTATION. BOEING HAS NOT YET RECEIVED SPECIFIC INDICATION OF PRC INTEREST IN PURCHASE OF THE 747 BUT BELIEVES THAT CHINA WILL CONSIDER THE PURCHASE OF WIDE-BODIED AIRCRAFT EARLY IN THE 1980'S. THERE IS  
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LITTLE PROSPECT FOR THE SALE OF THE THREE-ENGINE 727 BECAUSE OF THE PRC'S PURCHASE OF THE UK TRIDENT AIRCRAFT.

2. WE HAVE NOTED OTHER INDICATIONS OF PRC INTEREST IN PURCHASE OF TWO-ENGINE COMMERCIAL JET AIRCRAFT. THE MCDONNELL-DOUGLAS DELEGATION WHICH VISITED THE PRC

IN OCTOBER FOUND CONSIDERABLE INTEREST IN THE DC-9-80, A PLANE WHICH IS A DIRECT COMPETITOR OF THE BOEING 737. AN OFFICER OF THE USSR TRADE REPRESENTATION OFFICE IN PEKING TOLD US RECENTLY THAT THE SOVIET UNION BELIEVES IT HAS A GOOD CHANCE TO SELL TWO-ENGINE COMMERCIAL AIRCRAFT TO THE PRC AND THAT NEGOTIATIONS FOR SUCH PLANES WILL BE HELD DURING THE 1978 ANNUAL TRADE PROTOCOL TALKS. THE USSR HAS NOT RECENTLY BEEN ABLE TO SELL FIXED WING AIRCRAFT TO CHINA.

3. BOEING REPRESENTATIVE ALSO TOLD US THAT THE MAY 1977 TECHNICAL DELEGATION FROM BOEING WHICH VISITED PEKING CAME AT THE SPECIFIC INVITATION OF THE FOREIGN TRADE CORPORATIONS TO DISCUSS LATEST DEVELOPMENTS IN WORLD-WIDE AVIATION TECHNOLOGY. BOEING REP DOES NOT KNOW WHICH SPECIFIC TOPICS WERE COVERED. THE PRC SAID IT IS INTERESTED IN PERIODIC BOEING PRESENTATIONS IN ORDER TO REMAIN CURRENT ON THE LATEST IN AVIATION TECHNOLOGY.

4. BOEING REP ALSO MENTIONED THAT HE HAD HEARD THAT A GRUMMAN GULFSTREAM EXECUTIVE JET WAS TO BE FLOWN TO THE PRC FOR DEMONSTRATION TESTING. A GRUMMAN DELEGATION WAS REPORTEDLY SCHEDULED TO VISIT PEKING AT THE END OF OCTOBER BUT USLO WAS UNABLE TO MAKE CONTACT WITH THEM. WE HAVE ALSO HEARD THAT THE PRC

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HAS EXPRESSED INTEREST IN THE LEARJET FOR MAGNETOMETER AND INFRA-RED GEOLOGICAL SURVEYS, IN ADDITION TO THE THREE CANADIAN OTTER AIRCRAFT IT IS ALREADY BUYING.

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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